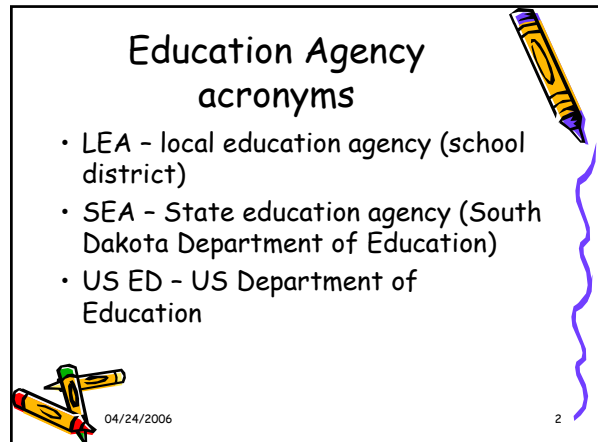


Fiscal Requirements for Federal Education Programs

- Rob Huffman, Grants Management Administrator
- Codi Nincehelter, Education Program Specialist

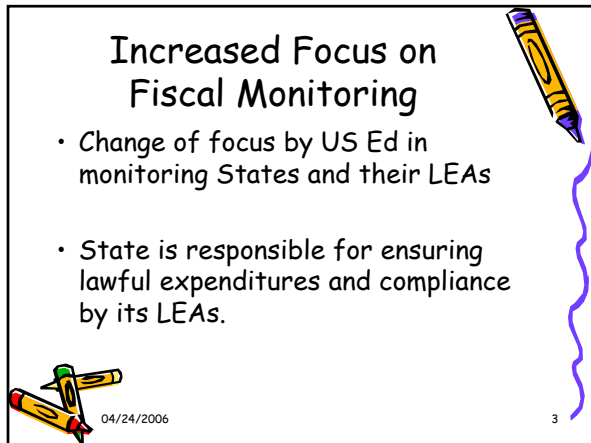
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Education Agency acronyms

- LEA - local education agency (school district)
- SEA - State education agency (South Dakota Department of Education)
- US ED - US Department of Education

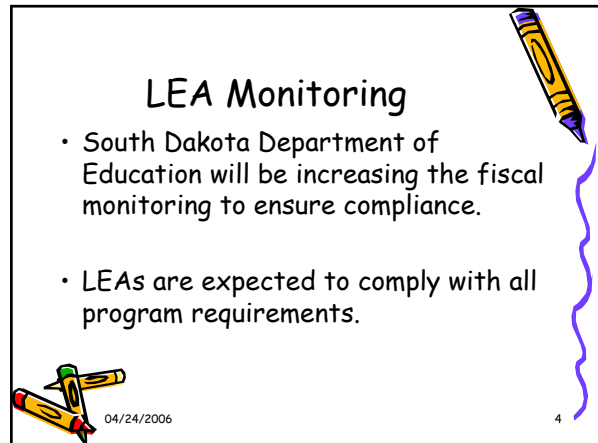
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Increased Focus on Fiscal Monitoring

- Change of focus by US Ed in monitoring States and their LEAs
- State is responsible for ensuring lawful expenditures and compliance by its LEAs.

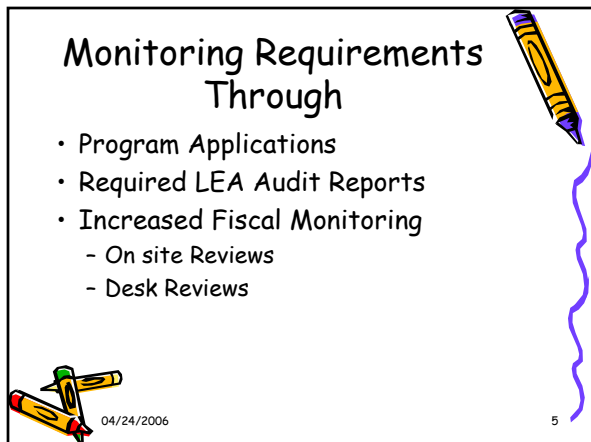
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LEA Monitoring

- South Dakota Department of Education will be increasing the fiscal monitoring to ensure compliance.
- LEAs are expected to comply with all program requirements.

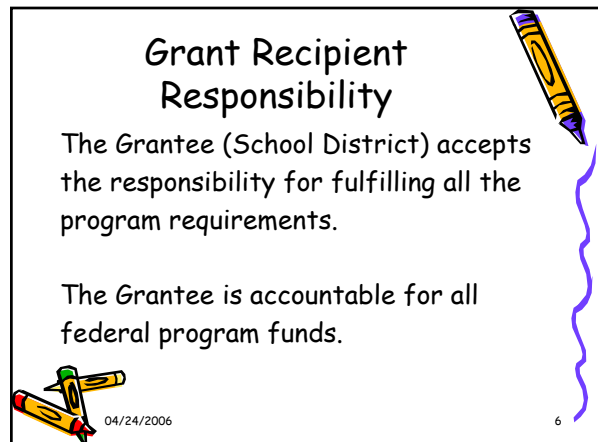
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Monitoring Requirements Through

- Program Applications
- Required LEA Audit Reports
- Increased Fiscal Monitoring
 - On site Reviews
 - Desk Reviews

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Grant Recipient Responsibility

The Grantee (School District) accepts the responsibility for fulfilling all the program requirements.

The Grantee is accountable for all federal program funds.

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Fiscal Requirements

- Supplement, not Supplant non-Federal funds
- Maintain State and Local Effort
- Comparability of Services - Title I



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Supplemental to Local Funding

- Federal funds must be supplemental and cannot supplant state and local resources
- Ask the question - "What would happen in the absence of the federal grant funds?"



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Presumption of Supplanting

- Federal funds were used to:
 - Provide services that are required under other federal, state or local law.
 - Provide services paid for with non-federal funds in the prior year.



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Presumption of Supplanting

- Title I, Migrant & Title III Programs
 - The LEA used federal program funds to provide services for participating children that the LEA provided with local funds for nonparticipating children.



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Contesting Presumption

- Must demonstrate that the services in question would not have been provided had the Federal funds not been available.
- The burden of proof is on the District.
- Document in advance of funding the activity or the costs may be questioned.



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Minimum Documentation to Contest Presumption

- Board Action confirming that it would have eliminated staff or services in question and the reasons for that decision.
- Budget history and available funding information showing reduced amounts and lack of local funds to pay for staff or services in question.



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Maintenance of Effort

- From year to year the LEA must maintain state and local effort for the provisions of a free public education for all students
- A District may receive its full federal grant allocation only if it maintained its local fiscal effort.



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MOE Determination

- The district's local expenditures for the preceding fiscal year must be at least 90% of the second preceding fiscal year.
- Combined fiscal effort per student or the aggregate expenditures of the District
 - Measure most favorable to District used



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Failure to Meet MOE Requirement

- The State is required to reduce the amount of grant allocations in the exact proportion the District fails to maintain effort by falling below 90%
- LEA may apply directly to US Ed for a waiver, which are granted only for:
 - Exceptional circumstances such as a natural disaster
 - Precipitous decline in financial resources of the district



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Comparability

- Title I schools must receive state and local funded services comparable to those received by non-Title I schools
- The district must demonstrate that it is providing services that are substantially comparable between schools, without regard to Federal Title I funding.



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Federal Cost Principles

- OMB Circular A-87
 - Cost Principles for State, Local, and Indian Tribal Governments
- Each district should be familiar with this document and have a copy on hand.



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Basic Guidelines

- All Costs Must be:
 - Necessary
 - Reasonable
 - Allocable
 - Conform with federal & State law



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Necessary and Reasonable

- All costs must be necessary and reasonable for the performance or administration of the approved grant activities.
- Follow sound business practices.



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Allocable

- Must be related to the grant program.
- Can only charge for the actual amount of time spent on the program.
- Can only charge in proportion to the value received by the program.



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Support for Salaries and Wages

- If federal funds are used, then time distribution records are required.
- Time distribution records
 - Personnel Activity Reports, or
 - Time Sheets
- Must demonstrate that the employees actually worked on the federal program.



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Time Documentation

- Must reflect the actual After the Fact distribution (not budgeted)
- Signed by the Employee and Supervisor
- One of the most common audit findings - lack of, or insufficient records



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Time Records Requirements

- Employee working 100% on one cost objective
 - Semi-Annual Certifications Required
 - signed every 6 months (Semester)
- Employees working on multiple cost objectives
 - signed by employee at least monthly



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Time Increments

- More frequent reports may be required to measure time if:
 - Large number of different activities
 - Many short term activities



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Equipment Management

- Equipment must be needed and used in the program for which it was acquired.
- May be used for other programs if,
 - will not interfere with the original program.
 - does not shorten the useful life of the equipment.

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Equipment Inventory

- Capitalized Equipment
- Include non-consumable supplies with a per item value of \$500 or more
 - Computer Equipment (Non-capitalized)
 - Electronic Equipment
 - Desks, Tables, Chairs

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Equipment Inventory Records

- Inventory records must be maintained that include:
 - Description of the equipment
 - Serial number or other identification number
 - Funding source
 - Acquisition date
 - Cost
 - Location
 - Use and Condition
 - Disposition information

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Equipment Inventory

- Physical inventory must be taken and results reconciled to inventory records at least once every two years.
- Control system to guard against loss, damage or theft.
- Ensure adequate maintenance to keep property in good condition

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Program Records

- District must keep records to show:
 - Compliance with program requirements
 - Amount and use of program funds

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Grant Budget Periods

- Usually same as the State's fiscal year
 - July 1st to June 30th
 - May be different for some programs
- All obligations must occur during the grant's budget period.

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1st Date to Obligate Formula Grant Funds

- The later of the following two dates:
 - July 1st if the application has been submitted to DOE in a substantially approvable form.
 - The Date the application is received in a substantially approvable form at DOE



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Obligations before Authorized Date

- Obligations prior to DOE receiving your application are unallowable activities and may not be charged to federal programs.
- Must be repaid to state if they were charged to federal programs.



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Timing of Obligations

- When an obligation occurs depends on the type of property or services
- Acquisition of Supplies or Equipment
 - Date a binding written commitment to acquire is made such as a purchase order



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Timing of Obligation

- Services by an employee
 - Date services are preformed
- Travel
 - When the travel is taken
- Services provided by a contractor who is not an employee
 - Date on which a binding written commitment to obtain the services, such as a Contract signed



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Timing of Obligations

- A pre-agreement cost that was properly approved by the Department of Education
 - The first day of the grant period
 - Only allowed on competitive or discretionary grants, but not formula grants



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Private School Students and Teachers Participation

- Districts must offer equitable services to private school children and teachers.
- Each year the district must consult with officials of private schools



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Private School Consultation

- Consultation must occur before the District makes any decisions that affect the participation of private school children and teachers.



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Private School Consultation

- The District must maintain and provide a copy to the State, an affirmation signed by private school officials that the required consultation occurred.



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Public School Responsibility

- The District is responsible for designing and implementing the programs for the private schools.
- Services need to be provide by an employee of the district or a 3rd party contractor.
- This responsibility can not be delegated to the private schools.



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Program Responsibility

- Question - May private school officials order or purchase items needed for the programs and be reimbursed by the District?
- Answer - NO- The District must maintain complete control of funds, material, and equipment. No funds may be paid to a private school.



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Private School Fund Set Asides

- Title I, Part A -
 - equitable based on resident low-income students residing in participating school attendance areas.
 - Students may reside in one district and attend a private school in another district.
 - Resident district is responsible



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Off the Top Reservation for District Level activities

- If the LEA reserves funds for district level programs for public schools
- A proportional amount must go to nonpublic.



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Examples of District Level Activities

- Summer school
- Pre-school
- Professional development



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Private School Fund Set-asides

- Title II, Parts A & D; Title IV and Title V
 - Equitable based on the relative share of public and private student enrollments in the district
 - District where private school is located is responsible, regardless of the student's resident district.



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Exception

- Title II, Part A
 - May reserve the funds used for Class Size reduction activities before calculating equitable share
 - But, must provide at least as much as private school received under the old Eisenhower Title II grant.



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Possible Title I Fund Set Asides or Earmarks

- 20% for SES and choice related transportation
- 10% professional development
- 1% for parental involvement



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Calculating % Set Asides

- Based on the entire LEA or school allocation, as appropriate
- Include all funds Transferred in the base amount. (Do not include REAP funds)



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Set Asides & Carryover

- Carryover - must meet % limit for original fiscal year it was allocated.
 - If set aside was met in year one, do not include carryover in new set aside.
 - If set aside was not met in year one carryover must be used in year two until year one set aside is met.



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Choice Transportation and SES

- Required for districts with schools identified for improvement.
- An amount equal to 20% of the LEA's allocation - unless a lesser amount is needed to satisfy all requests.



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Professional Development

- For Schools identified for improvement
 - 10% of each school's allocation
- For Districts identified for improvement
 - 10% of the district's allocation
 - May count each school's 10% in district's set aside



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Parental Involvement

- For Districts receiving allocations of \$500,000 or more
 - Must use at least 1% for parental involvement activities



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Summary

- Federal Program Funds come with many strings attached.
- Districts are responsible for effectively managing and handling program requirements.
- Districts must maintain a sound financial management system to ensure the proper use of federal funds.



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